

**2001 DRAFTING REQUEST****Senate Amendment (SA-SB55)**Received: **05/21/2001**Received By: **kunkemd**Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau**By/Representing: **Renner**This file may be shown to any legislator: **NO**Drafter: **kunkemd**

May Contact:

Addl. Drafters:

Subject: **Public Util. - electric**  
**Public Util. - misc.**

Extra Copies:

Submit via email: **NO**

Requester's email:

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**Pre Topic:**

LFB:.....Renner -

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**Topic:**

Administrative rules to facilitate production of distributed energy

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	kunkemd 06/07/2001	gilfokm 06/07/2001	pgreensl 06/07/2001	_____	lrb_docadmin 06/07/2001		

FE Sent For:

**<END>**

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/?	kunkemd	11-6/11mg 7-01	6/1 pg	6/7 self			

FE Sent For:

&lt;END&gt;

MO: 264

Burke	Y	N
Decker	Y	N
Moore	Y	N
Baumgart	Y	N
Plache	Y	N
Wirth	Y	N
Darling	Y	N
Welch	Y	N

Gard	Y	N
Kaufert	Y	N
Albers	Y	N
Duff	Y	N
Ward	Y	N
Huebsch	Y	N
Huber	Y	N
Coggs	Y	N

60316  
Senator Burke

## PUBLIC SERVICE COMMISSION -- AGENCYWIDE

## Administrative Rules to Facilitate the Production of Distributed Energy

Move to require the PSC to promulgate rules designed to facilitate, to the greatest extent possible, the interconnection and use of distributed electric power generation facilities to the state's electric power distribution grid. ✓

Stipulate that the rules prescribe interconnection standards that shall be uniform across the state, regardless of the owner of the transmission facility to which connection is made and regardless of the distributed generation facility that is connected, except where engineering and regulatory concerns require additional interconnection standards. ✓

Specify that engineering concerns include those related to safety and reliability of the electric grid and power quality. Specify that regulatory concerns include tariffs for a utility's distributed generation, nondiscriminatory fees that a utility may charge a distributed generation facility, the costs of upgrades to the electric grid; and other terms or conditions imposed by the utility on the distributed generation facility (such as liability insurance, indemnification and the transfer or sale of property).

Direct that the standards for the purchase of power by an electric utility from a distributive generation facility include all of the following: (1) use of a net metering tariff for a distributive generation facility of up to 20 kilowatts or the maximum load of the distributed generation facility's owner, whichever is greater; and (2) real-time pricing, so that the price paid by a utility for power placed on the grid by a distributed generation facility reflects the utility's cost of generation at that time.

Require that the draft administrative rules be submitted to the Legislative Council no later than the first day of the sixth month after the general effective date of the biennial budget act.

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Note:

Distributed generation refers to any form of energy generation used by electric consumers for power generation (such as photovoltaic cells, wind power, fuel cells, and the like) and may include small generators used by independent power producers.

Currently, in cases where distributed power generation is produced at small levels (less than 20 kilowatts), the PSC requires the person or business to be reimbursed at the rate that is equal to the amount that would have been charged for the use of electricity generated by the utility. For larger amounts of distributed power, the PSC requires the reimbursement is equal to the utility's avoided costs for the production of additional electricity (including consideration of the construction of plants, their maintenance and production of electricity had no distributed electricity been available).

This motion directs the PSC to promulgate rules to encourage the development and use of more distributed power facilities in the state.

- May 18, 2001 4:07PM LFB  
- This info for drafting #264  
- You can use it as necessary - as it helps.

No. 1527 P. 8/22

**MOTION RELATED TO INTERCONNECTION STANDARDS FOR DISTRIBUTED  
ELECTRIC POWER GENERATION**

Moved that the Public Service Commission be required to promulgate rules designed to facilitate, to the greatest extent possible, the interconnection and use of distributed electric power generation facilities (DG facilities) to the electric power distribution grid (the grid), as follows:

- Interconnection standards shall be uniform across the state, regardless of the owner of the transmission facility to which connection is made and regardless of the DG facility that is connected, except as specifically provided below:
- Interconnection standards shall address all of the following:
  - Engineering concerns, including:
    - Concerns related to the safety and reliability of the grid.
    - Power quality
  - Regulatory concerns, including:
    - Tariffs for the purchase of power by an electric utility from a DG facility.
    - ~~Non-beneficial~~ fees that a utility may charge a DG facility associated with connection to its facilities, including interconnection study fees, engineering review fees, metering or standby fees, transmission or distribution charges.
    - The cost of upgrades to the grid required by interconnection.
    - Other terms or conditions that a utility may impose on a DG facility for connection to its facilities, including terms or conditions related to liability insurance, indemnification and the transfer or sale of property.
- Standards for tariffs for the purchase of power by an electric utility from a DG facility shall include ~~the following~~ all of the following:
  - Application of a net metering tariff for a DG facility of any capacity up to 20 kW or the maximum load of the DG facility's owner, whichever is greater. PSC report
  - Real-time pricing, such that the price paid by a utility for power placed on the grid by a DG facility reflects the utility's cost of generation at that time.
- The commission shall submit draft rules to the Legislative Council Rules Clearinghouse for review under s. 227.15 (1), Stats. as follows:

can be  
made backward

- 2 -

- Rules establishing technical standards for the interconnection of photovoltaic electric generation facilities, not later than the first day of the 6th month after the effective date of the 2001-03 Biennial Budget Act.
- Rules establishing all other required standards, not later than the first day of the 12th month after the effective date of the 2001-03 Biennial Budget Act.

## Kunkel, Mark

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**From:** Lovell, David  
**Sent:** Monday, June 04, 2001 12:07 PM  
**To:** Kunkel, Mark  
**Subject:** distributed generation

Mark,

Here's the PSC report on distributed generation. I searched it for "net metering tariff" and "real time pricing", which led me to the section titled "Tariff based options" on page 31. See also p. 25, under "Existing Tariffs and Rules," for a description of current net metering tariffs.

<http://www.psc.state.wi.us/pdf/cases/electgen/finalrpt.pdf>

Also, if you want to see what the PSC has in rules on this already, see s. PSC 113.0207, Wis. Adm. Code.

It seems most reasonable to assume that the motion means to require real time pricing for those facilities that are not provided net metering, but let me know if you want more help rationalizing it. If you want to contact PSC, you might start with Jim Louck, Chief Engineer in the Electric Division. I would be happy to contact him, if that would help you.

David

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David L. Lovell, Senior Analyst  
Wisconsin Legislative Council Staff  
608/266-1537





State of Wisconsin  
2001 - 2002 LEGISLATURE

LRBb0316/1

MDK:.....

img

O-NOTE

LFB:.....Renner – Administrative rules to facilitate production of distributed energy

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

**LFB AMENDMENT**

**TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144**

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 1366, line 18: after that line insert:

3 “SECTION 2978m. 196.191 of the statutes is created to read:

4 196.191 Distributed generation electric rates. (1) DEFINITION. In this  
5 section:

6 (a) “Distributed generation facility” means a facility operated by an electric  
7 consumer that uses any form of generation, including photovoltaic or fuel cells or  
8 wind power, for producing electric power. “Distributed generation facility” includes  
9 a small electric generating facility used by an independent power producer.

10 (b) “Engineering concerns” include ✓ ✓ (S) concerns related to power quality or the  
11 safety and reliability of the state’s electric power distribution grid.

1 (c) "Regulatory concerns" include concerns related to any of the following:

- 2 1. Tariffs for a public utility's distributed generation.
- 3 2. Nondiscriminatory fees that a public utility may charge the owner or
- 4 operator of a distributed generation facility.
- 5 3. The cost of upgrades to the state's electric power distribution grid that are
- 6 required by interconnection.
- 7 4. Other terms and conditions imposed by a public utility on the owner or
- 8 operator of a distributed generation facility, including liability insurance,
- 9 indemnification, or terms and conditions related to the transfer or sale of property.

10 (2) USE AND INTERCONNECTION RULES. The commission shall promulgate rules

11 that facilitate, to the greatest extent possible, the use of distributed generation

12 facilities and their interconnection to the state's electric power distribution grid. The

13 rules shall include standards for interconnection that are uniform across the state

14 regardless of the distributed generation facility that is interconnected and

15 regardless of the owner of the transmission facility to which interconnection is made,

16 except where engineering and regulatory concerns require additional

17 interconnection standards.

18 (3) PURCHASE RULES. The commission shall promulgate rules establishing

19 standards for the purchase by public utilities of electric power produced by

20 distributed generation facilities, including standards for all of the following:

- 21 (a) The use of a net metering tariff for a distributed generation facility with a
- 22 capacity that does not exceed 20 kilowatts or the peak load of the facility's owner,
- 23 whichever is greater.

1 (b) The use of real-time pricing such that the price paid by a public utility for  
2 power placed on the state's electric power distribution grid by a distributed  
3 generation facility reflects the utility's cost of generation at that time.”.

4 **2.** Page 1764, line 22: after that line insert:

5 “(2<sup>62</sup>) DISTRIBUTED GENERATION RULES. The public service commission shall  
6 submit in proposed form the rules required under section 196.191 (2) and (3) of the  
7 statutes, as created by this act, to the legislative council staff under section 227.15  
8 (1) of the statutes no later than the first day of the 6th month beginning after the  
9 effective date of this subsection.”.

10 (END)

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBb0316/1dn

MDK:.....

*King*

Darin Renner:

I'm not quite sure of the intent of much of the motion. *For example*, if I were drafting a bill from scratch, I would try to define or further specify the meaning of ~~the~~ some of the language that is used. (For example, what is a "small generator" used by an independent power producer?) However, because the motion requires the PSC to promulgate rules to implement the motion, the PSC will have the opportunity in the rule-making process to determine and implement the intent. *and*

Mark D. Kunkel  
Legislative Attorney  
Phone: (608) 266-0131  
E-mail: mark.kunkel@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBb0316/1dn  
MDK:kmg:pg

June 7, 2001

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Mark D. Kunkel  
Legislative Attorney  
Phone: (608) 266-0131  
E-mail: [mark.kunkel@legis.state.wi.us](mailto:mark.kunkel@legis.state.wi.us)

LFB:.....Renner – Administrative rules to facilitate production of distributed energy

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**(END)**